GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL DRH10624-MTa-164

H.B. 1143
Apr 29, 2026
HOUSE PRINCIPAL CLERK

Short Title:	Principal Fellows & MSA Intern Stipends.	(Public)
Sponsors:	Representative Blackwell.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE PRINCIPAL FELLOWS PROGRAM AND TO PROVIDE REQUIREMENTS FOR STIPENDS FOR THE MASTER'S IN SCHOOL ADMINISTRATION INTERNSHIP.

The General Assembly of North Carolina enacts:

PART I. ESTABLISH DEVELOPMENT GRANTS FOR PRINCIPAL FELLOWS PROGRAM

SECTION 1. Article 5C of Chapter 116 of the General Statutes reads as rewritten:

"Article 5C.

"North Carolina Principal Fellows Program.

…

"**§ 116-74.44. North Carolina Principal Fellows Program established; administration.**

(a) Established. – There is established the North Carolina Principal Fellows Program as a competitive grant program for eligible entities for the purpose of elevating educators in North Carolina public schools by transforming the preparation of principals across the State and providing for (i) forgivable scholarship loans to the participants of those school leader preparation ~~programs.~~ programs and (ii) grants to school leader preparation programs to develop innovative ways of training principals. The Authority shall administer the North Carolina Principal Fellows Program in collaboration with the Commission as set forth in this Article to provide funds for the preparation and support of highly effective future school principals in North Carolina.

…

(c) Administration of Forgivable Scholarship Loans. – Upon the ~~grant recipients' selection~~ selection by grant recipients for forgivable scholarship loans of the program participants for the school leader preparation programs, the Commission shall transfer the names of all program participants to the Authority. The Authority shall perform all of the administrative functions necessary to implement the forgivable scholarship loans to the school leader preparation program participants, which functions shall include rulemaking, disseminating information, acting as a liaison with participating eligible entities, implementing forgivable loan agreements in the form of promissory notes, monitoring loan repayment through service and cash, and performing all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Article.

…

"**§ 116-74.45. Grant applications; priority.**

(a) Application Requirements. – Subject to the availability of funds for this purpose, the Commission shall issue a request for proposal with guidelines and criteria for applying for ~~a grant.~~ grants to provide forgivable scholarship loans and develop innovative ways of training principals. An eligible entity that seeks a grant shall submit to the Commission an application at such time, in such manner, and accompanied by such information as the Commission may require. Eligible entities may create partnerships to develop and establish school leader preparation programs and apply jointly to be a grant recipient. An applicant shall include at least the following information in its application for consideration by the Commission:

…

"**§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants; reporting requirements.**

(a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of grants for each fiscal year. The Commission shall select up to eight grant recipients to ~~be operating~~ operate a school leader preparation program with grant funds for forgivable scholarship loans in any fiscal ~~year.~~year and up to two recipients for a grant of up to two hundred fifty thousand dollars ($250,000) per recipient per fiscal year to develop innovative ways of training principals.

(b) Use of ~~Funds.~~ Grant Funds for Forgivable Scholarship Loans. – Each eligible entity that receives grant funds for forgivable scholarship loans shall use those funds to carry out the following:

…

(c) Duration and Conditions of Grants. – The Commission shall also notify the Authority of its decisions on the duration and renewal of grants to eligible entities made in accordance with the following:

(1) The duration of grants for forgivable scholarship loans shall be as follows:

a. Grants shall be no more than six years and no fewer than two years in duration, unless the Commission finds early termination of a grant is necessary due to noncompliance with grant terms.

b. The Commission may renew a grant based on compliance with the grant terms and performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (3) of this subsection.

(1a) The duration of grants for training development shall be for one year. The Commission may renew a grant for training development, in its discretion, on an annual basis.

…

(3) In evaluating performance for purposes of grant renewal and making its renewal decisions to provide to the ~~Authority,~~ Authority pursuant to subdivision (1) of this subsection, the Commission shall consider at least the following:

…

(d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate in all evaluation activities required by the Commission and submit an annual report to the Commission with any information requested by the Commission. The recipients shall comply with additional report requests made by the Commission. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission shall work with recipients, local school administrative units, and public schools, as needed, to

enable the collection, analysis, and evaluation of at least the following ~~relevant data,~~ data related to grants for forgivable scholarship loans, within necessary privacy constraints:

(1) Student achievement in eligible schools.

(2) The percentage of program completers who are placed as school leaders within three years in the State.

(3) The percentage of program completers who are placed as school leaders within three years in high-need schools in the State.

(4) The percentage of program completers rated proficient or above on school leader evaluation and support systems.

(5) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

…."

PART II. PRINCIPAL FELLOWS PROGRAM MAY USE ADMINISTRATIVE FUNDS FOR STATEWIDE PROGRAMMING

SECTION 2. G.S. 116-74.41B reads as rewritten:

"**§ 116-74.41B. The North Carolina Principal Fellows Trust Fund.**

…

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including the award of grants pursuant to G.S. 116-74.44, administrative costs, and costs associated with Program operations in accordance with this Article. The Authority may use up to two percent (2%) of the funds appropriated for the Program or one hundred sixty thousand dollars ($160,000) from the Trust Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars ($800,000) from the Trust Fund each fiscal year for the following:

(1) The salary and benefits of the director and staff of the Program.

(2) The expenses of the Commission to administer the Program.

(3) Program monitoring and evaluation.

(4) Extracurricular enhancement activities for the Program.

(5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021.

(6) Programming on research-based school leadership practices to be shared with eligible entities in order to improve principal preparation throughout the State.

(c) Remaining Funds. – If at the end of each fiscal year there are funds remaining in the Trust Fund that are not obligated or otherwise encumbered for another purpose, upon the request of the Commission, the Authority shall allocate the funds to the Commission for any of the purposes identified in subdivisions (3) through (6) of subsection (b) of this section."

PART III. APPROPRIATION FOR PRINCIPAL FELLOWS PROGRAM

SECTION 3. There is appropriated from the General Fund to the North Carolina Principal Fellows Trust Fund the sum of five million dollars ($5,000,000) in recurring funds beginning in the 2026-2027 fiscal year to increase the number of principal fellows candidates supported by the North Carolina Principal Fellows Program in accordance with Article 5C of Chapter 116 of the General Statutes. These funds shall be allocated as follows:

(1) The sum of two million six hundred thousand dollars ($2,600,000) to be used to bring the number of principal fellows candidates receiving funds in the 2028-2034 award cycle into parity with the number of recipients in other award cycles.

(2) The sum of two million four hundred thousand dollars ($2,400,000) to expand the number of principal fellows candidates supported by the Program with the

goal of having fifty-five percent (55%) of all principals employed in North Carolina be graduates of the North Carolina Principal Fellows Program.

PART IV. MASTER'S IN SCHOOL ADMINISTRATION INTERNSHIP STIPENDS

SECTION 4.(a) Article 19 of Chapter 115C of the General Statutes is amended by adding the following new section to read:

"**§ 115C-284.2. Master's in school administration internship stipends.**

(a) Definitions. – The following definitions apply in this section:

(1) Authority. – The State Education Assistance Authority.

(2) Department. – The Department of Public Instruction.

(3) MSA intern. – A participant in an approved full-time master's in school administration program who is completing an internship pursuant to G.S. 115C-284.1(d)(1).

(4) Principal Fellow MSA intern. – An MSA intern who is a participant in the Principal Fellows Program.

(5) School administrator. – A principal or an assistant principal.

(b) Stipend. – To the extent funds are made available for this purpose, the Department shall provide MSA interns with a full-time internship position with a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. If the funds provided for this purpose are insufficient to fully fund the stipend required by this subsection, the Department shall use funds appropriated to the State Public School Fund for this purpose. The North Carolina Principal Fellows Program or the school of education where the MSA intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns in order to receive the stipends provided in this section.

(c) Payback. – For MSA interns who are not Principal Fellow MSA interns, the Department shall condition receipt of the stipend authorized pursuant to subsection (b) of this section on an agreement to be signed by the intern to reimburse the Authority on behalf of the Department in cash for up to twenty thousand dollars ($20,000) of the stipend funds provided to the intern if the intern does not serve as a school administrator in a public school unit for two years within seven years after graduation from the master's in school administration program, exclusive of any authorized deferment for extenuating circumstances. To the extent practicable, the Authority may model the agreement on the service repayment agreement in place for principal fellows pursuant to G.S. 116-74.48(c). The Authority shall transfer any funds received in repayment from a recipient pursuant to this subsection to the Department.

(d) Administration. – Of the funds appropriated to the Department pursuant to this section, the Department may retain up to two percent (2%) each fiscal year for the administrative costs associated with the payback agreement described in subsection (c) of this section. The Department shall use these funds to enter into a memorandum of understanding with the Authority to accept repayment on behalf of the Department and to monitor the acceptability of compliance of the recipient with that agreement. The Authority shall forgive repayment of the stipend funds if it finds it is impossible for the recipient to work for two years as a school administrator, within seven years after completion of the preparation program supported by those funds, because of the death or permanent disability of the recipient. If the recipient repays the stipend funds by cash payments to the Authority, all funds shall be repaid within 10 years after completion of the master's in school administration internship supported by the stipend. If the recipient completes the master's in school administration program, repayment of stipend funds shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the stipend funds in cash to no more than a total of 12 years.

(e) Report. – No later than February 15 of each year, the Department of Public Instruction, in consultation with the State Education Assistance Authority, shall report to the Joint Legislative Education Oversight Committee on the stipends provided pursuant to this section, including at least the following information:

(1) Demographic information of recipients.

(2) Number of recipients by institution of higher education.

(3) Number of MSA interns and the portion of MSA interns who agreed to the payback terms described in subsection (c) of this section.

(4) Placement and repayment information, including the following:

a. Number of recipients who are employed in a public school unit and the positions of those recipients.

b. Number of recipients identified in subdivision (3) of this subsection who did either of the following:

1. Were not required to pay back any of the stipend funds because they completed two years of service as a school administrator in a public school unit.

2. Elected to repay stipend funds in cash and their years of service, if any, prior to beginning repayment."

SECTION 4.(b) The Department of Public Instruction shall include the funds retained for administration of the payback agreement pursuant to G.S. 115C-284.1(d) as part of its recommended technical adjustments, beginning with the Current Operations Appropriations Act of 2027.

SECTION 4.(c) There is appropriated from the General Fund to the Department of Public Instruction beginning with the 2026-2027 fiscal year the sum of one hundred seventy-seven thousand two hundred forty-one dollars ($177,241) in recurring funds to provide stipends for MSA interns in accordance with G.S. 115C-284.2(b), as enacted by subsection (a) of this section.

SECTION 4.(d) This section applies beginning with master's in school administration internships beginning in the 2027-2028 academic year.

PART V. EFFECTIVE DATE

SECTION 5. Except as otherwise provided, this act becomes effective July 1, 2026.